

# Unaudited Financial Statements

## Sackville Developments (Reading) Limited

---

For the Year Ended 31 March 2017

THURSDAY



\*L6LQ3SYY\*

LD5

21/12/2017

#102

COMPANIES HOUSE

**Registered number: 05320888**

**Sackville Developments (Reading) Limited**

## Company Information

<b>Directors</b>	D J Camp S C Camp N Waring J De Leo
<b>Registered number</b>	05320888
<b>Registered office</b>	2nd Floor 100 New Oxford Street London WC1A 1HB
<b>Accountants</b>	Grant Thornton UK LLP Chartered Accountants Grant Thornton House 30 Finsbury Square London EC2P 2YU
<b>Bankers</b>	The Royal Bank of Scotland plc 24 Grosvenor Place London EC4A 1LT
<b>Solicitors</b>	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT

**Sackville Developments (Reading) Limited**

## Contents

	Page
<b>Directors' Report</b>	1
<b>Accountant's Report</b>	2
<b>Statement of Comprehensive Income</b>	3
<b>Statement of Financial Position</b>	4
<b>Statement of Changes in Equity</b>	5
<b>Notes to the Financial Statements</b>	6 - 16

**Sackville Developments (Reading) Limited**

## **Directors' Report**

**For the Year Ended 31 March 2017**

The directors present their report and the financial statements for the year ended 31 March 2017.

The company sold its stock on 14 April 2016 to two sister companies and transferred its bank debt to one of the buyers. The company also repaid its shareholders loans and made a distribution out of the proceeds of the sale to its parent. The company has been dormant since the sale of its stock and there is sufficient cash in the company to meet its liabilities as they fall due.

### **Directors**

The directors who served during the year were:

D J Camp  
S C Camp  
N Waring  
J De Leo

### **Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 19 December 2017 and signed on its behalf.



**D J Camp**  
Director

## Report to the directors on the preparation of the unaudited statutory financial statements of Sackville Developments (Reading) Limited for the year ended 31 March 2017

We have compiled the accompanying financial statements of Sackville Developments (Reading) Limited based on the information you have provided. These financial statements comprise the Statement of Comprehensive Income for the year then ended, the Statement of Financial Position and the Statement of Changes in Equity of Sackville Developments (Reading) Limited as at 31 March 2017, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Board of Directors of Sackville Developments (Reading) Limited, as a body, in accordance with the terms of our engagement letter dated 25 April 2017. Our work has been undertaken solely to prepare for your approval the financial statements of Sackville Developments (Reading) Limited and state those matters that we have agreed to state to the Board of Directors of Sackville Developments (Reading) Limited, as a body, in this report in accordance with our engagement letter dated 25 April 2017. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sackville Developments (Reading) Limited and its Board of Directors, as a body, for our work or for this report.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at [www.icaew.com](http://www.icaew.com).

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

*Grant Thornton UK LLP*

**Grant Thornton UK LLP**  
Chartered Accountants  
London

Date: *20 December 2017*

**Sackville Developments (Reading) Limited**

**Statement of Comprehensive Income**  
For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover			
Cost of sales	4	55,045,569	833,271
		(26,461,163)	(375,124)
<b>Gross profit</b>		<b>28,584,406</b>	<b>458,147</b>
Administrative expenses		(34,905)	(990,660)
Shareholder loan interest waived	5	5,645,582	-
<b>Operating profit/(loss)</b>	6	<b>34,195,083</b>	<b>(532,513)</b>
Interest receivable and similar income	7	-	5,477
Interest payable and expenses	8	(10,966)	(2,886,363)
<b>Profit/(loss) before tax</b>		<b>34,184,117</b>	<b>(3,413,399)</b>
Tax on profit/(loss)	10	(5,736,802)	5,722,559
<b>Profit for the financial year</b>		<b>28,447,315</b>	<b>2,309,160</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>28,447,315</b>	<b>2,309,160</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 6 to 16 form part of these financial statements.

## Statement of Financial Position

As at 31 March 2017

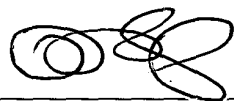
	Note	2017 £	2016 £
<b>Current assets</b>			
Stocks	12	-	26,070,144
Debtors: amounts falling due within one year	13	36,157	6,212,628
Cash at bank and in hand	14	258,113	3,885,323
		<u>294,270</u>	<u>36,168,095</u>
Creditors: amounts falling due within one year	15	(32,009)	(27,597,325)
<b>Net current assets</b>		<u>262,261</u>	<u>8,570,770</u>
<b>Total assets less current liabilities</b>		<u>262,261</u>	<u>8,570,770</u>
<b>Net assets</b>		<u><u>262,261</u></u>	<u><u>8,570,770</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	1	9,346,082
Share premium account	19	-	24,899,502
Other reserves	19	-	1,880,928
Profit and loss account	19	262,260	(27,555,742)
<b>Shareholders' funds</b>		<u><u>262,261</u></u>	<u><u>8,570,770</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with section 15 of the Companies Act 2006 with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**D J Camp**

Director

Date: 19 December 2017

The notes on pages 6 to 16 form part of these financial statements.

**Sackville Developments (Reading) Limited**

## Statement of Changes in Equity

For the Year Ended 31 March 2017

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2016	9,346,082	24,899,502	1,880,928	(27,555,742)	8,570,770
Comprehensive income for the year					
Profit for the year	-	-	-	28,447,315	28,447,315
Total comprehensive income for the year	-	-	-	28,447,315	28,447,315
Dividends: Equity capital	-	-	-	(36,755,824)	(36,755,824)
Capitalisation into share capital and share premium	2	1,880,926	(1,880,928)	-	-
Reduction in share capital and share premium	(9,346,083)	(26,780,428)	-	36,126,511	-
At 31 March 2017	1	-	-	262,260	262,261

## Statement of Changes in Equity

For the Year Ended 31 March 2016

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2015	500	24,899,502	1,690,029	(29,864,902)	(3,274,871)
Comprehensive income for the year					
Profit for the year	-	-	-	2,309,160	2,309,160
Total comprehensive income for the year	-	-	-	2,309,160	2,309,160
Shares issued during the year	9,345,582	-	-	-	9,345,582
Capital contribution on shareholder loans	-	-	190,899	-	190,899
At 31 March 2016	9,346,082	24,899,502	1,880,928	(27,555,742)	8,570,770

The notes on pages 6 to 16 form part of these financial statements.

# Notes to the Financial Statements

For the Year Ended 31 March 2017

## **1. General information**

Sackville Developments (Reading) Limited is a private company limited by shares and registered in England and Wales. The registered head office is 2nd floor, 100 New Oxford Street, London WC1A 1HB.

## **2. Accounting policies**

### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The individual accounts of the company have adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
  - categories of financial instruments,
  - items of income, expenses, gains or losses relating to financial instruments, and
  - exposure to and management of financial risks.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following accounting policies have been applied:

### **2.2 Going concern**

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The company sold its stock on 14 April 2016 to two sister companies and transferred its bank debt to one of the buyers. The company also repaid its shareholders loans and made a distribution out of the proceeds of the sale to its parent. The company has been dormant since the sale of its stock and there is sufficient cash in the company to meet its liabilities as they fall due. Based on these, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

### **2.3 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

### **2.4 Work in progress**

Trading and development properties are included as work in progress and are stated at the lower of cost or net realisable value. Disposals are recognised on completion, with profit and losses arising being recognised through the profit and loss account.

Planning and development fees incurred in the process of obtaining planning permission are expensed to the profit and loss account prior to planning permission being granted.

## **Notes to the Financial Statements**

**For the Year Ended 31 March 2017**

### **2. Accounting policies (continued)**

#### **2.5 Turnover**

Revenue comprises rent and other property related income invoiced to tenants, exclusive of Value Added Tax. Rental income and service charges are recognised in the period to which they relate.

#### **2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### **2.7 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are included in the balance sheet at cost.

#### **2.8 Financial instruments**

##### **Financial assets**

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

## **Notes to the Financial Statements**

**For the Year Ended 31 March 2017**

### **2. Accounting policies (continued)**

#### **2.8 Financial instruments (continued)**

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when:

- (a) the contractual rights to the cash flows from the asset expire or are settled, or
- (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or
- (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### **Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### **2.10 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

## **Notes to the Financial Statements**

**For the Year Ended 31 March 2017**

### **2. Accounting policies (continued)**

#### **2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### **3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Market rate of interest:

The directors are also required to make judgments in determining a market rate of interest on zero coupon loans and how they are classified (ie as non-financing or financing). The directors have assessed the market rate of interest on these shareholders loans to equate to 15%. This judgment has been made based on rates of similar transactions and expectations of returns to shareholders.

### **4. Turnover**

All turnover arose within the United Kingdom and relates to tenant related income and proceeds from sale of stock.

# Notes to the Financial Statements

For the Year Ended 31 March 2017

## 5. Other operating income

	2017	2016
	£	£
Shareholder loan interest waived	5,645,582	-

Details of shareholder loan interest waived are given in note 15.

## 6. Operating profit/(loss)

During the year, no director received any emoluments (2016: £Nil).

## 7. Interest receivable

	2017	2016
	£	£
Bank interest receivable	-	5,477

## 8. Interest payable and similar charges

	2017	2016
	£	£
On bank loans	10,966	143,281
On shareholder loans	-	2,743,082
	10,966	2,886,363

Details of interest on shareholder loans are given in note 15. Bank loan interest includes £6,634 (2016: £19,902) in respect of amortised loan issue costs.

## 9. Employees

The average monthly number of employees, including the directors, during the year was 4 (2016: 4).

**Sackville Developments (Reading) Limited**

# Notes to the Financial Statements

For the Year Ended 31 March 2017

## 10. Taxation

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	5,736,802	-
<b>Total current tax</b>	<u>5,736,802</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(5,722,559)
<b>Total deferred tax</b>	<u>-</u>	<u>(5,722,559)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>5,736,802</u>	<u>(5,722,559)</u>

### Factors affecting tax charge for the year

The tax assessed for the year is the same as (2016 - lower than) the standard rate of corporation tax in the UK of 20.0% (2016 - 20.0%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	<u>34,184,117</u>	<u>(3,413,399)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2016 - 20.0%)	6,836,823	(682,680)
<b>Effects of:</b>		
Income not taxable for tax purposes	(1,327,224)	-
Loan relationship adjustments to brought forwards	-	(156,065)
Transfer pricing adjustments	198,108	376,185
Adjusting closing deferred tax rate to average rate of 20%	44,257	-
Deferred tax not recognised	(15,162)	(5,259,999)
<b>Total tax charge for the year</b>	<u>5,736,802</u>	<u>(5,722,559)</u>

## 11. Dividends

	2017 £	2016 £
Dividends	<u>36,755,824</u>	<u>-</u>

**Sackville Developments (Reading) Limited**

## Notes to the Financial Statements

For the Year Ended 31 March 2017

**12. Work in progress**

	2017	2016
	£	£
Work in progress	-	26,070,144

**13. Debtors**

	2017	2016
	£	£
Trade debtors	29,627	35,103
Other debtors	2	191,910
Prepayments and accrued income	5,257	86,367
VAT recoverable	1,271	176,689
Deferred taxation	-	5,722,559
	<u>36,157</u>	<u>6,212,628</u>

**14. Cash and cash equivalents**

	2017	2016
	£	£
Cash at bank and in hand	<u>258,113</u>	<u>3,885,323</u>

## Notes to the Financial Statements

For the Year Ended 31 March 2017

### 15. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	-	4,273,366
15%/12% shareholder loan	-	5,645,581
Bank loan interest	-	23,975
Trade creditors	17,766	316,502
0% shareholders' loan	-	16,500,000
Corporation tax	14,243	-
Other creditors	-	38,301
Accruals and deferred income	-	799,600
	<u>32,009</u>	<u>27,597,325</u>

On 11 August 2011, the Company obtained a 5 year bank loan facility from Barclays Bank PLC of £5,000,000. The loan incurred interest at 3 Month LIBOR and margin of 2.25% pa which was paid on a quarterly basis together with the repayment of £40,000 per quarter. Barclays Bank PLC had been granted security by way of a legal mortgage on all monies due or to become due from the company in relation to the Garrard Street Car Park. As at 31 March 2017, the notional amount outstanding on the bank loan is £nil (2016: £4,280,000). On 10 May 2016, this bank loan was transferred to one of the company's sister companies and extended for a further year to August 2017.

The shareholders' 15%/12% loan is a loan from Bensell Finance III B.V., a Netherlands registered company and a subsidiary of one of the shareholders. The loan incurred 15% pa interest, up to 12 December 2013 after which it accrued at 12% pa until 21 December 2015 when the principal was repaid. The outstanding interest was fixed at £5,645,582 and was reassigned to a new Holding Company on 1 April 2016 and the interest was subsequently waived on 14 June 2016.

The shareholders' 0% loan are loans from Bensell Finance III B.V., a Netherlands registered company and a subsidiary of one of the shareholders and from Stanhope (Station Hill) Limited, a shareholder of the company. See note 22 for further details. These loans were reassigned to a new Holding Company and then repaid via the assignment of the receivables from the sale of stock.

# Notes to the Financial Statements

For the Year Ended 31 March 2017

## 16. Financial instruments

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	30,900	32,196,405
	<u>30,900</u>	<u>32,196,405</u>
<b>Financial liabilities</b>		
Other financial liabilities measured at amortised cost	(32,009)	(26,797,725)
	<u>(32,009)</u>	<u>(26,797,725)</u>

## 17. Deferred taxation

	2017 £	2016 £
At beginning of year	5,722,559	-
Charged to profit or loss	(5,722,559)	5,722,559
	<u>(5,722,559)</u>	<u>5,722,559</u>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Unused trading losses	-	5,722,559
	<u>-</u>	<u>5,722,559</u>

On 14 April 2016, the company sold its stock for £55.0m which gave rise to a profit of £28.7m. As the Company has tax losses brought forward, a deferred tax asset of £5.7m had been recognised at 31 March 2016. The company has unrecognised deferred tax asset of £0.3m at 31 March 2017. The brought forward deferred tax asset of £5.7m has been utilised during the year.

## Notes to the Financial Statements

For the Year Ended 31 March 2017

### 18. Share capital

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
Ordinary A shares of £1 each	1	4,673,041
Ordinary B shares of £1 each	-	4,673,041
	<hr/>	<hr/>
	1	9,346,082
	<hr/>	<hr/>

### 19. Reserves

#### Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

#### Profit & loss account

Includes all current and prior period retained profit and losses.

#### Other reserves

Includes all capital contributions recognised on shareholder loans arising from applying a market rate of interest.

### 20. Capital commitments

The company has no capital commitments as at 31 March 2017 or 31 March 2016.

### 21. Contingent liabilities

The company has no contingent liabilities as at 31 March 2017 or 31 March 2016.

## Notes to the Financial Statements

For the Year Ended 31 March 2017

### 22. Related party transactions

The company had loan arrangements with Bensell Finance III BV, a subsidiary of Cooperatie Bensell Real Estate Investment III BA (a 50% shareholder of the company) and Stanhope (Station Hill) Limited, as disclosed in note 15.

	2017 £	2016 £
Bensell Finance III BV (15%/12% loan)	-	5,645,582
Bensell Finance III BV (0% loan)	-	8,250,000
Stanhope (Station Hill) Limited (0% loan)	-	8,250,000
	<u>-</u>	<u>22,145,582</u>

During the year the loans were repaid and £Nil (2016: £2,700,000) of additional 0% loans were issued by each of Stanhope (Station Hill) Limited and Bensell Finance III B.V.

Interest payable on the 15%/12% loan:

	2017 £	2016 £
Bensell Finance III BV (15%/12% loan)	-	5,645,582
	<u>-</u>	<u>5,645,582</u>

Interest of £Nil was charged on the shareholder loans for the year ended 31 March 2017 (2016: £1,642,481). The outstanding interest was waived on 14 June 2016. The loans incurred 15% pa interest up to 12 December 2013 after which it accrued at 12% pa.

During the year, the company was charged £22,857 (2016: £640,000) for development management fees by Stanhope plc, a related company of one of the shareholders.

The company was also charged £Nil (2016: £73,857) for asset management fees by Benson Elliot Services Limited, a related company of one of the shareholders.

On 14 April 2016, the company sold its stock for £55,000,000 to two sister companies, Station Hill North B.V. and Station Hill South B.V.

### 23. Ultimate parent undertaking and controlling party

The company is owned by Station Hill Holding B.V, which is owned 50:50 by Stanhope (Station Hill) Limited and Cooperatie Bensell Real Estate Investment III BA.